

AMENDED IN SENATE JUNE 27, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 2863

Introduced by Assembly Member Karnette

February 24, 2006

~~An act to amend Section 31672 of the Government Code, relating to county employees' retirement. An act to amend Sections 21354.3, 31522.3, and 31672 of, and to add Section 70046.2 to, and to repeal and add Article 8.6 (commencing with Section 31694) to Chapter 3 of Part 3 of Division 4 of Title 3 of, the Government Code, relating to public employees, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2863, as amended, Karnette. ~~County employees' retirement: voluntary retirement. Public employees: retirement.~~

(1) *The Public Employees' Retirement Law permits a contracting agency of the Public Employees' Retirement System to provide service retirement benefits for local miscellaneous members, as defined, based on a 3% at 60 years of age formula. Under that law, if a contracting agency adopts the 3% at 60 years of age formula, the contribution rate for local miscellaneous members is increased from 7% to 8% of compensation. Member contributions are deposited in the Public Employees' Retirement Fund, a continuously appropriated fund.*

This bill would authorize Riverside County contracting agencies, as defined, to provide retirement benefits to local miscellaneous members based on a 3% at 60 years of age formula. This bill would provide that the 3% at 60 years of age formula shall supersede the previous retirement formula for the current service of existing

employees of a contracting agency and the prior service those employees earned with a contracting agency, as specified.

By increasing member contributions to the Public Employees' Retirement Fund, this bill would make an appropriation.

(2) The County Employees Retirement Law permits a retirement board or a board of investments in specified counties to appoint assistant administrators and chief investment officers. Under that law, those assistant administrators and chief investment officers are county employees, are not subject to county charter, civil service, or merit system rules, and serve at the pleasure of, and may be dismissed at the will of, the appointing board or boards.

This bill would additionally permit the retirement board in Marin County to appoint assistant administrators and chief investment officers.

(3) Under existing law the County Employees Retirement Law, a member of a county retirement system may retire after filing a written application with the board of retirement. Existing That law requires the member to select a date that his or her retirement will be effective and this date may not be more than 60 days after the date the application is filed with the board.

This bill would additionally provide that the effective date of a member's retirement may not be earlier than the date the application is filed with the board.

(4) The County Employees Retirement Law permits the board of supervisors of a county with a retirement system subject to the County Employees Retirement Law, by resolution, to authorize a county retirement board to provide for payments toward group health insurance for specified members of the retirement system and their beneficiaries.

This bill would revise and recast those provisions to permit a county board of supervisors or the governing body of a district or other public entity that participates in a county retirement system subject to the County Employees Retirement Law to contribute to a Post-Employment Benefit Trust Account to provide for payments towards group health, life, welfare, and other insurance benefits for specified members and their beneficiaries.

(5) Existing law provides for the compensation and benefits of court reporters in specified counties.

This bill would provide that the compensation of regular official court reporters in Fresno County shall be determined by collective

bargaining between the court reporters and the superior court. The bill would also define, for purposes of retirement, the compensation of a regular official court reporter in Fresno County, as specified.

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 21354.3 of the Government Code is amended to read:

21354.3. (a) The combined current and prior service pensions for a local miscellaneous member is a pension derived from the contributions of the employer sufficient, when added to the service retirement annuity that is derived from the accumulated normal contributions of the member at the date of retirement, to equal the fraction of one-fiftieth of the member's final compensation set forth opposite the member's age at retirement, taken to the preceding completed quarter year, in the following table, multiplied by the number of years of current and prior service except service in a category of membership other than that of local miscellaneous member with which the member is entitled to be credited at retirement:

Age at Retirement	Fraction
50	1.0000
50 $\frac{1}{4}$	1.0125
50 $\frac{1}{2}$	1.0250
50 $\frac{3}{4}$	1.0375
51	1.0500
51 $\frac{1}{4}$	1.0625
51 $\frac{1}{2}$	1.0750
51 $\frac{3}{4}$	1.0875
52	1.1000
52 $\frac{1}{4}$	1.1125
52 $\frac{1}{2}$	1.1250
52 $\frac{3}{4}$	1.1375
53	1.1500
53 $\frac{1}{4}$	1.1625
53 $\frac{1}{2}$	1.1750

1	Age at	
2	Retirement	Fraction
3	53 $\frac{3}{4}$	1.1875
4	54	1.2000
5	54 $\frac{1}{4}$	1.2125
6	54 $\frac{1}{2}$	1.2250
7	54 $\frac{3}{4}$	1.2375
8	55	1.2500
9	55 $\frac{1}{4}$	1.2625
10	55 $\frac{1}{2}$	1.2750
11	55 $\frac{3}{4}$	1.2875
12	56	1.3000
13	56 $\frac{1}{4}$	1.3125
14	56 $\frac{1}{2}$	1.3250
15	56 $\frac{3}{4}$	1.3375
16	57	1.3500
17	57 $\frac{1}{4}$	1.3625
18	57 $\frac{1}{2}$	1.3750
19	57 $\frac{3}{4}$	1.3875
20	58	1.4000
21	58 $\frac{1}{4}$	1.4125
22	58 $\frac{1}{2}$	1.4250
23	58 $\frac{3}{4}$	1.4375
24	59	1.4500
25	59 $\frac{1}{4}$	1.4625
26	59 $\frac{1}{2}$	1.4750
27	59 $\frac{3}{4}$	1.4875
28	60 and over	1.5000

29
 30 (b) The fraction specified in the above table shall be reduced
 31 by one-third as applied to that part of final compensation that
 32 does not exceed four hundred dollars (\$400) per month for all
 33 services of a member any of whose service has been included in
 34 the federal system. This reduction shall not apply to a member
 35 employed by a contracting agency that enters into a contract after
 36 July 1, 1971, and who elects not to be subject to this subdivision
 37 or with respect to service rendered after the termination of
 38 coverage under the federal system with respect to the coverage
 39 group to which the member belongs.

1 (c) This section shall supersede Sections 21353, 21354,
2 21354.4, and 21354.5 with respect to ~~any~~ a local miscellaneous
3 member who is employed by a contracting agency on or after the
4 date this section becomes applicable to the contracting agency.

5 (d) This section shall not apply to a contracting agency nor its
6 employees until the contracting agency elects to make all local
7 miscellaneous members subject to it by amendment to its
8 contract made in the manner prescribed for approval of contracts
9 or in the case of a new contract, by express provision of the
10 contract. The operative date of this section with respect to a local
11 miscellaneous member shall be the effective date of the
12 amendment to his or her employer's contract electing to be
13 subject to this section.

14 (e) (1) *Notwithstanding subdivision (d) and for purposes of*
15 *this subdivision, "Riverside County contracting agency" means*
16 *any of the following:*

17 (A) *County of Riverside.*

18 (B) *County of Riverside Regional Park and Open-Space*
19 *District.*

20 (C) *County of Riverside Waste Resources Management*
21 *District.*

22 (D) *County of Riverside Flood Control and Water*
23 *Conservation District.*

24 (2) *This section shall apply to a former employee of a*
25 *Riverside County contracting agency if that former employee is*
26 *currently employed by another Riverside County contracting*
27 *agency. This section shall not apply to a Riverside County*
28 *contracting agency nor the current or former employees of that*
29 *Riverside County contracting agency until the Riverside County*
30 *contracting agency elects to make all local miscellaneous*
31 *members subject to this section by amendment to the contract of*
32 *that Riverside County contracting agency made in the manner*
33 *prescribed for approval of contracts or in the case of a new*
34 *contract, by express provision of the contract. The provisions of*
35 *this section shall apply with respect to a local miscellaneous*
36 *member on the effective date of the amendment to the Riverside*
37 *County contracting agency's contract electing to be subject to*
38 *this section.*

39 SEC. 2. *Section 31522.3 of the Government Code is amended*
40 *to read:*

1 31522.3. (a) In a county in which the board of retirement or
2 both the board of retirement and the board of investment have
3 appointed personnel pursuant to Section 31522.1, the respective
4 board or boards may elect to appoint assistant administrators and
5 chief investment officers as provided for in this section. The
6 positions of the assistant administrators and chief investment
7 officers designated by the retirement board shall not be subject to
8 county charter, civil service, or merit system rules. The persons
9 so appointed shall be county employees and shall be included in
10 the salary ordinance or salary resolution adopted by the board of
11 supervisors for the compensation of county officers and
12 employees. The assistant administrators and chief investment
13 officers so appointed shall be directed by, shall serve at the
14 pleasure of, and may be dismissed at the will of, the appointing
15 board or boards. Specific charges, a statement of reasons, or good
16 cause shall not be required as a basis for dismissal of the assistant
17 administrators and chief investment officers by the appointing
18 board or boards.

19 (b) This section shall not apply to any person who was an
20 assistant administrator or a chief investment officer and was
21 included in the county civil service or was subject to merit
22 system rules on December 31, 1996.

23 (c) This section shall only apply to a county of the third class,
24 a county of the eighth class, a county of the 14th class, ~~or a~~
25 county of the 15th class, *or a county of the 18th class*, as
26 provided by Sections 28020, 28024, 28029, 28035, ~~and~~ 28036,
27 *and 28039*.

28 **SECTION 4.**

29 **SEC. 3.** Section 31672 of the Government Code is amended
30 to read:

31 31672. A member who has reached 70 years of age or a
32 member who has completed 10 years of service and who has
33 reached 55 years of age, or a member who has completed 30
34 years of service regardless of age, may be retired upon filing with
35 the board a written application, setting forth the date upon which
36 he or she desires his or her retirement to become effective not
37 earlier than the date the application is filed with the board and
38 not more than 60 days after the date of filing the application.
39 Fifty-five years of age in the preceding sentence may be reduced

1 to 50 years of age in a county by resolution of the board of
2 supervisors.

3 *SEC. 4. Article 8.6 (commencing with Section 31694) of*
4 *Chapter 3 of Part 3 of Division 4 of Title 3 of the Government*
5 *Code is repealed.*

6 *SEC. 5. Article 8.6 (commencing with Section 31694) is*
7 *added to Chapter 3 of Part 3 of Division 4 of Title 3 of the*
8 *Government Code, to read:*

9
10 *Article 8.6. Post-Employment Benefits*
11

12 *31694. (a) The board of supervisors of a county or the*
13 *governing body of a district or other public entity may, by*
14 *ordinance or resolution and with the agreement of the board of*
15 *retirement, provide for the contribution of funds by the county, a*
16 *district or other public entity into a Post-Employment Benefit*
17 *Trust Account. The retirement system shall establish the*
18 *Post-Employment Benefit Trust Account as a part of the*
19 *retirement fund or as a trust account in a fund independent of the*
20 *retirement fund, for the sole purpose of paying all or a portion of*
21 *the premiums on a plan or plans for group health, life, welfare,*
22 *or other insurance benefits for retired employees of the*
23 *participating county, district, or other public entity, and their*
24 *qualified spouses, dependents and beneficiaries.*

25 *(b) Contributions to the Post-Employment Benefit Trust*
26 *Account may include the proceeds of debt issued by the county, a*
27 *district, or other public entity solely for the purpose of funding*
28 *post-employment retiree insurance benefits.*

29 *(c) The post-employment benefits provided with the funds*
30 *contributed to the Post-Employment Benefits Trust Account are*
31 *in addition to any other benefits provided under this chapter.*

32 *(d) (1) Except as described in subdivision (b) of Section*
33 *31694.1, the assets of the retirement fund may not be used,*
34 *directly or indirectly, to pay the cost of any benefits provided*
35 *through the Post-Employment Benefits Trust Account.*

36 *(2) Except as described in subdivision (c) of Section 31694.1,*
37 *funds in the Post-Employment Benefits Trust Account may not be*
38 *used, directly or indirectly, to pay the cost of any other benefits*
39 *provided under this chapter.*

1 31694.1. (a) *The retirement system shall separately account*
2 *for, on the books of the retirement system, the funds contributed*
3 *to the Post-Employment Benefits Trust Account by each*
4 *participating employer and the earnings and expenses related to*
5 *the investment and administration of those funds.*

6 (b) *The board of retirement, or a board of investments in a*
7 *county in which a board of investments has been established*
8 *pursuant to Section 31520.2, shall have sole, exclusive, and*
9 *plenary authority and fiduciary responsibility over the investment*
10 *of the Post-Employment Benefits Trust Account, consistent with*
11 *Sections 31594 and 31595. The board of retirement or board of*
12 *investments may invest funds in the Post-Employment Benefits*
13 *Trust Account with those of the retirement system. The*
14 *investment earnings and investment expenses attributable to the*
15 *investment activity of the Post-Employment Benefits Trust*
16 *Account shall be accounted for separately from the investment*
17 *earnings and expenses of the retirement fund. The retirement*
18 *system may incur and be reimbursed for the reasonable costs*
19 *related to investment expenses and administration of the*
20 *Post-Employment Benefits Trust Account.*

21 (c) *The funds in and investment earnings of the*
22 *Post-Employment Benefits Trust Account shall be used to pay the*
23 *reasonable costs related to investment expenses and*
24 *administration of the Post-Employment Benefits Trust Account.*
25 *Those expenses shall not be deemed to be an investment or*
26 *administrative expense of a retirement system under this chapter.*

27 (d) *The board of retirement, or a board of investments in a*
28 *county in which a board of investments has been established*
29 *pursuant to Section 31520.2, may establish rules and procedures*
30 *governing the investments and administration of the*
31 *Post-Employment Benefits Trust Account. The board of*
32 *retirement or the board of investments shall determine the rate of*
33 *interest to credit the funds in the Post-Employment Benefits Trust*
34 *Account.*

35 (e) *The board of retirement, or a board of investments in a*
36 *county in which a board of investments has been established*
37 *pursuant to Section 31520.2, is authorized to take any and all*
38 *actions necessary to establish and administer the*
39 *Post-Employment Benefits Trust Account in compliance with*
40 *applicable federal tax laws or other legal requirements.*

1 (f) *The board of retirement, or the board of retirement acting*
2 *jointly with a board of investments in a county in which a board*
3 *of investments has been established pursuant to Section 31520.2,*
4 *and a participating employer in the Post-Employment Benefits*
5 *Trust Account shall establish, by written agreement, the*
6 *respective roles and responsibilities of the retirement system and*
7 *the participating employer with respect to the administration and*
8 *investment of the Post-Employment Benefits Trust Account. That*
9 *agreement shall include, but is not limited to, funding,*
10 *expenditure, actuarial, accounting, and reporting considerations,*
11 *and any applicable investment parameters. Once those*
12 *investment parameters are established, the board of retirement,*
13 *or a board of investments in a county in which a board of*
14 *investments has been established pursuant to Section 31520.2,*
15 *shall have sole control over the investment activity the*
16 *Post-Employment Benefits Trust Account as described in*
17 *subdivision (b). Upon agreement and authorization of the board*
18 *of retirement and the governing body of a participating*
19 *employer, the retirement system may administer a*
20 *post-employment insurance benefit plan sponsored by the*
21 *participating employer and funded through the Post-Employment*
22 *Benefits Trust Account.*

23 (g) *The board of retirement may terminate the participation of*
24 *a participating employer in the Post-Employment Benefits Trust*
25 *Account if any of the following apply:*

26 (1) *The participating employer elects to cease participation in*
27 *the Post-Employment Benefits Trust Account.*

28 (2) *The board of retirement finds that the participating*
29 *employer is unable to satisfy the terms and conditions required*
30 *by this article, the rules and procedures established by the board,*
31 *or the participation agreement between the participating*
32 *employer and the board of retirement.*

33 (3) *The board of retirement elects to terminate the*
34 *Post-Employment Benefits Trust Account.*

35 (h) *If a participating employer ceases to participate in the*
36 *Post-Employment Benefits Trust Account or if Post-Employment*
37 *Benefits Trust Account is terminated, the retirement system shall*
38 *disburse the funds in Post-Employment Benefits Trust Account in*
39 *the following order and manner:*

1 (1) *The retirement system shall retain an amount sufficient to*
2 *pay for the post-employment insurance benefits for current and*
3 *future participants in the post-employment insurance plan or*
4 *plans provided by the former participating employer.*

5 (2) *The retirement system shall retain an amount sufficient to*
6 *pay reasonable administrative and investment costs described in*
7 *this section.*

8 (3) *After the amounts in paragraphs (1) and (2) have been*
9 *retained or disbursed, the retirement system shall pay any*
10 *remaining funds to the former participating employer or*
11 *employers.*

12 31492.2. *An employer who elects to participate in the*
13 *Post-Employment Benefits Trust Account shall be required to*
14 *fund or apply distributions from the Post-Employment Benefits*
15 *Trust Account, and administer a post-employment insurance*
16 *benefit plan or plans funded through the Post-Employment*
17 *Benefits Trust Account, pursuant to applicable federal tax*
18 *requirements or other legal provisions. An employer may*
19 *expressly delegate its responsibilities under this section to the*
20 *retirement system as described in subdivision (f) of Section*
21 *31694.1.*

22 SEC. 6. *Section 70046.2 is added to the Government Code, to*
23 *read:*

24 70046.2. (a) *In Fresno County, the compensation of each*
25 *regular official court reporter shall be determined through the*
26 *collective bargaining process.*

27 (b) *For the purposes of retirement, the compensation of each*
28 *regular official court reporter shall be deemed to be the total of*
29 *all per diem and transcription fees paid by the county or court to*
30 *that regular official court reporter for all reporting services, plus*
31 *his or her salary.*